

In April 2026, the Board of Directors of the Diocese of Olympia decided to transition management of the James F. Hodges Diocesan Investment Fund (DIF) to The Episcopal Church (TEC) Domestic & Foreign Missionary Society (DFMS) Trust. This frequently asked questions document answers common questions that shareholders may have about this transition.

I. Background

Why are we transitioning funds to being managed by the DFMS investment trust? The DIF has been very successful through its previous volunteer management. Through prudent investment and management it has grown to a significant size. Throughout its history, it has been led by a volunteer committee of investment professionals who have undertaken the work of selecting investments and balancing the portfolio. This model, while it built the DIF into what it is today, is unsustainable to continue managing the DIF into the future. Our asset value has reached the size where professional, rather than volunteer, management is necessary.

What is the DFMS Investment Trust? Like the DIF, the DFMS investment trust is a fund established by The Episcopal Church for Episcopal Church related entities to co-invest with each other. As a Diocese in the Episcopal Church we are eligible to participate. The DFMS investment trust has over \$700 million in assets invested on behalf of The Episcopal Church and has selected a number of respected professional advisors to help manage the Trust. The DFMS does not charge any fees to participants and only passes along hard costs of third party funds and outside advisors, like the Diocese has in the past.

Does this mean the DIF is being dissolved? No, the DIF will remain in place, its assets, however, will be transferred to the DFMS Investment Trust for management. You will continue to work through the Office of the Bishop for all DIF related matters.

II. Timeline and Transition

What is the timeline for the transition? The transition of DIF assets to management within the DFMS Trust is scheduled for the end of **September 2026**. Shareholders should expect to receive updated accounting and information from the Diocese and DFMS Trust beginning in **November 2026**, subject to negotiations.

What will change under this new management model? The primary change is a shift from a volunteer-led subcommittee model to a professional management under the DFMS Trust framework. This provides shareholders with:

- **Professional Oversight:** Daily management by third-party investment advisors selected by TEC Executive Council Investment Committee professionals.
- **Global Institutional Management:** Access to asset classes like private equity and hedge funds typically reserved for large endowments.
- **Enhanced Performance Tracking:** Improved digital access to account performance data later in 2026.

What will not change? Your funds will remain with the DIF and the **Diocese of Olympia** and its individual parishes and missions **retain full ownership and beneficial interest** in their funds. The mission alignment remains consistent through the Church's established socially responsible investment (SRI) screens, and will be automatically updated to reflect the latest SRI screens adopted by The Episcopal Church.

Do shareholders need to do anything to make this change? No, shareholders will not need to do anything directly. It is recommended that if you have a near-term need for any funds invested in the DIF that you plan accordingly as to accommodate the transition. No withdrawals may be made between October 1st and November 30th.

How will the Diocese of Olympia support shareholders during the transition? We anticipate holding a zoom open house info session this summer with knowledgeable people from the Diocese of Olympia, Office of the Bishop, and invite a representative from the DFMS investment trust to discuss the fund. In addition, we will schedule a session late summer/early fall before the transition dates, to discuss the new access, reporting, and what you should expect.

Do parish shareholders have an alternative to staying with the DIF? Yes, as always, parish shareholders participate in the DIF voluntarily. Parish shareholders always have an option of managing their funds independent of the DIF. DIF participants who have explored this option have found that the evaluation of different financial advisors, ongoing fees, and required fiduciary oversight are more expensive and burdensome than participating in the DIF.

III. Deposits, Withdrawals, and Reporting

How will deposits and withdrawals work? The Diocese will continue to support congregations with monthly deposits and withdrawals using the same procedures that are currently in place for shareholders in the DIF. There isn't expected to be any significant change in terms of the time to access funds as review of transactions by Office of the Bishop finance staff and by the Board of Directors, where required, will still be needed.

What kind of reporting will shareholders receive? Details and forms of reports will be forthcoming. The mechanisms for reporting are currently being negotiated. We are working to make sure shareholders get the information they need to make decisions and evaluate performance.

IV. Oversight and Responsibility

Is the DIF going away? No, the DIF is remaining in place; we are changing the management and investment of the DIF funds rather than dissolving the DIF. The Diocese of Olympia will be continuing with the DIF and in the event that the performance of the DFMS does not match expectations, or if we have concerns over the management of the DIF, we retain the right to transfer our assets to another professional manager.

Who has ongoing oversight responsibility for the funds? While investment management is being transitioned to the DFMS Trust, the **Diocese of Olympia Board of Directors** retains ultimate fiduciary responsibility for the Diocese's assets. The **Investment Committee of the Board** will monitor the relationship and overall performance, ensuring it serves Diocesan and shareholder interests.

Who manages the DFMS Trust? Overall responsibility for the Trust is vested in the **Executive Council Investment Committee** of The Episcopal Church and the Executive Council. This committee, which includes the Chair and Treasurer of the Executive Council and elected professionals, oversees asset allocation and the selection of third-party managers.

Is the DFMS Trust Audited? Yes, it is subjected to an annual audit and the audits are publicly posted on The Episcopal Church website. You can review those here:

<https://www.episcopalchurch.org/finance-office/audited-financial-statements/>

V. Contacts

Who can I contact for follow-up questions? For questions regarding the transition strategy and Board oversight, shareholders should contact the investments@ecww.org.

For questions regarding withdrawals, deposits, and ongoing reporting, shareholders should contact the Office of the Bishop finance team at accountingoffice@ecww.org.

We will hold two information sessions to discuss this change, next steps, and to answer questions you may have. Those sessions will be held this summer; the dates and a Zoom link will be distributed as soon as the dates are confirmed. Please encourage key congregational leaders, especially those charged with stewarding of your investments to attend.